

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Argentina

## Oilseeds and Products Annual

**2011**

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**Report Highlights:**

In the forecast for marketing year (MY)2011/12, Post estimates soybean area to increase by 2 percent to 19 million hectares (ha), while sunflower area will remain at 1.65 million ha and peanut area is expected to drop slightly to 260,000 ha. For MY 2010/11, soybean production is expected to reach 49 million metric tons (MMT), sunflower production to 3.2 MMT and peanut production to remain at 850,000 tons.

**Commodities:**

Oilseed, Soybean (Local)

Oil, Soybean (Local)

Meal, Soybean (Local)

Oilseed, Sunflowerseed

Oil, Sunflowerseed

Meal, Sunflowerseed

Oilseed, Peanut

Oil, Peanut

Meal, Peanut

Oilseed, Cottonseed

**Production:****Soybean**

Post forecasts soybean area for marketing year (MY) 2011/12 to reach 19.0 million hectares (ha), an increase in area of 2 percent from the 2010/11 marketing year. This area will mostly come from area that was not planted this year because of the dry weather and from an increase in second crop soybeans planted after wheat. Soybeans continue to be the “safest” crop to produce in Argentina. Input costs are lower than other commodities and although export taxes are high, there are no export restrictions or quotas for soybeans as there are for grains. This year producers have had high prices and are expected to generate high returns for the crop. Although input costs are expected to increase next year, especially for fertilizer, producers are still expected to put more area to soy. Production is estimated at 53 million metric tons (MMT) based on historical yield trends, slightly more area to second crop soy, and the expectation of possibly having another dry year. Post contacts indicate that usually after one la Niña year with dry weather, another similar year follows.

For 2010/11, FAS Buenos Aires maintains its estimate of soybean production at 49 MMT (500,000 MT below the current USDA estimate of 49.5MMT). Rains in late January helped to recover much of the crop, especially first crop soy in the central and northern regions of the key growing area, but left second crop soy in less than desirable conditions. Another dry spell hit again in the beginning of March which did not provide further relief for the soybeans that still needed more moisture. FAS Buenos Aires staff travelled to the west and southern areas of Buenos Aires province during mid-March and the story was the opposite. There, much of the second crop soy is in better conditions than first crop soy however, it is at higher risk of damage if frosts come early. Overall, the crop is in better condition than what was expected had the dry spell continued past mid-January but it is still very sporadic with some areas in decent shape with yields of about 3.0 tons/hectare expected and others, perhaps just 50 km apart, yields below 2.0 tons/ha expected. Private analysts have brought their estimates back up to the range of 48 to 50 MMT.

**Sunflower**

Sunflower area for MY2011/12 is expected to remain at 1.65 million hectares. Although crop conditions and yields are proving to be above average this year, lingering problems of pigeons and parrots and competition with soybeans still cause hesitancy in producers' decisions to expand sunflower area. Production is estimated at 2.8 MMT with yields more closely reflecting historical averages.

Production for the current marketing year 2010/11 is raised to 3.2 MMT, up 400,000 metric tons from the previous estimate and the official USDA number. Conditions were excellent for sunflower this year and since sunflower has a much deeper root system than corn, most of the crop was able to sustain through the dry periods with little damage. As of March 24, 2011, harvest was 82 percent complete. Pigeons and parrots were still a problem in the northern and northwestern regions of the country (Entre Ríos and San Luis provinces) but yields were still average, between 1.2 and 1.8 tons/ha. In the southern area of Buenos Aires province some producers are expecting excellent yields between 3.0 and 4.0 tons/ha.

This year to mitigate some of the bird problems, contacts indicated in some areas a sacrificial "dummy" field was planted earlier than the rest of the crop in order to lure the birds away and potentially satiate their hunger for sunflower seeds and/or recently emerged seedlings. The rest of the fields were planted a few weeks later and planting was staggered. Apparently, this helps slightly, but does not solve the problem. Traditional hunting has been explored as a solution, as well as hunting with slingshots. Nothing seems to control the birds and this continues to provide a disincentive for producers to plant sunflowers.

### **Peanuts**

Post forecasts area for peanuts to drop very slightly to 260,000 hectares for the 2011/12 marketing year. Contacts indicate that land rental prices and input costs are expected to increase next year and the margins gained by peanut producers may shrink. Producers are less willing to invest aggressively by expanding area. Production is forecast around 800,000 MT.

There is no change to production and area this year.

### **Cottonseed**

The Ministry of Agriculture estimates cotton area for the 2010/11 marketing year at 550,000 hectares. This is approximately a 12 percent increase in area over last year (2009/10) where reports show that area harvested was 489,600 hectares with cotton production of 760,000 MT. Contacts indicate that this area could increase in the next marketing year by 15 to 20% due to continued strong prices for cotton.

### **Consumption:**

#### **Soybean and Soybean Products**

For MY2011/2012, post forecasts soybean crush at 40.5 million tons, up 1.625 million tons from the current marketing year due to larger expected supply. Demand for domestic soybean oil will go up by 300,000 tons to 2.2 MMT in order to meet the biodiesel industry needs. Likewise, as crush increases, meal production is expected to grow, although the majority will be exported. It is estimated that only about 2 percent of the meal production will be use for domestic consumption in the poultry industry.

There are no changes to crush numbers for the current marketing year, 2010/11. Additionally, crush for 2009/10 is maintained at the current official estimate of 38.623 MMT. Official figures from the Ministry of Agriculture show a total of 34.4 MMT through January 2011. Industry sales, which usually run lower than final data, show an additional 1.7 MMT from January through February. Adjusting this number upward and adding estimated crush for March based on historic data, pace is on target.

### **Sunflowerseed and Products**

Post forecasts sunflowerseed crush for MY2011/12 at 2.9 MMT based on higher production this crop year and larger carryover stocks at the beginning of next year. Oil production is projected at 1.195 MMT and meal at 1.275 MMT. Domestic consumption for oil and meal are steady at 375,000 MT and 620,000 MT, respectively. Most oil is used for food use and meal is used for animal feed in the dairy sector.

Due to higher yields and larger production this year, crush for MY2011/12 is raised to 3.15 MMT, up 300,000 tons. Oil production is raised by 120,000 tons to 1.3 MMT and meal is raised 125,000 tons to 1.375 MMT. Contacts indicate that there is no problem with crushing capacity, nor storage capacity, nor export markets. If production is higher than expected, the product will be crushed and exported without a second thought.

### **Peanut and Peanut Products**

Domestic peanut consumption is low in Argentina with the majority of the production destined for the confectionary export market. Peanuts that do not meet food-grade standards are utilized for crushing. Crush for MY2009/10 is lowered to 140,000 MT (down 25,000 from the official USDA number). Based on official crush data published by the Ministry of Agriculture, only 118,000 MT have been crushed from March 2010 through February 2011. Based on historic trend analysis, it is unlikely that 45,000 tons will be crushed in February. In addition peanut oil and meal consumption are low with most oil being exported and meal used for residual feeding.

### **Trade:**

The National Agricultural Trade Control Agency (ONCCA) regulates agricultural exports in Argentina and requires exporters to solicit export registrations (ROEs). Approval of ROEs is generally automatic for oilseeds and there are two different embarkation periods, either 45 or 180 days, depending on when the exporter pays the required export tax. If paid within 5 days of soliciting the ROE, the exporter is granted an embarkation period of 180 days. If paid at the time of export, the exporter is granted a 45 day embarkation period. Export taxes on oilseeds are as follows:

Soybeans, 35%

Soybean Oil, 32%

Soybean Meal, 32%

Sunflowerseed, 32%

Sunflowerseed Oil, 30%

Sunflowerseed Meal, 30%

Peanuts, 23.5%

Peanut Oil, 5%

In February, the government announced that ONCCA was to be dismantled and replaced by a new agency. Up until now, ONCCA is still functioning and issuing ROEs. For more information on this, see the policy section below.

### **Soybean and Soybean Products**

Soybean exports for MY2009/10 are estimated at 13.725 MMT (85,000 MT higher than the USDA estimate). Official Global Trade Atlas (GTA) data shows 13.6 MMT exported through December 2010. Ministry of Agriculture shipments data, which traditionally tracks very closely with GTA, shows only 75,000 MT shipped from January through mid-March with almost 50,000 MT expected the final two weeks of March.

### **Sunflowerseed and Products**

Sunflower oil and meal exports for MY2011/12 are estimated at 900,000 MT and 650,000 MT, respectively, based on higher production and steady domestic consumption. For MY2010/11, exports for oil and meal are raised to 1.1 MMT (up 150,000 MT) and 850,000 (up 200,000 MT) respectively due to increased production this season.

For MY2009/10, sunflower oil exports are dropped by 65,000 MT to 625,000 MT. According to official trade data, nearly 515,000 MT have been exported through December 2010. Official Ministry of Agriculture port data shows an additional 110,000 MT that was shipped in January and February. The total export estimate for 2009/10 is 625,000 MT.

### **Stocks:**

According to a stocks publication released by Argentina's National Agricultural Trade Control Agency (ONCCA) in November 2010, there is over 52 MMT of fixed storage capacity available in Argentina for grains. This does not include private on-farm silos or silo bags, which together, add at least an additional 18 MMT according to post contacts.

Beginning soybean stock estimates for MY2009/10 are above the levels published by ONCCA in December 2010, which do not include on farm storage. Contacts indicate over the last few years, producers have had more and more incentive to hold on farm stocks year-over-year as physical assets instead of selling the commodity and depositing the money in a bank. After the financial crisis in 2001 when there was a freeze on bank accounts, producers began investing their money in anything but untrustworthy bank accounts. Today, they often purchase new land, if any is available, or condominiums in Buenos Aires, or perhaps for a shorter term, hold onto their grain in large silo bags. For meal and oil products, little to no stocks are held year over year.

### **Policy:**

On February 24, 2011 the government eliminated the National Agricultural Trade Control Agency (ONCCA) which, since 2008, has issued and regulated export licenses (ROEs) in the grain and beef sectors and administered subsidies to producers. On the same day another regulation was published announcing a new agency that will handle ONCCA's responsibilities, the Group of Coordination and Evaluation of Subsidies for Internal Commerce

(UCESCI in Spanish). The new agency will have more oversight than ONCCA and will be lead jointly by the Ministry of Agriculture, the Ministry of Economy, the Ministry of Industry as well as the Ministry of Internal Commerce and the Customs and Tax Agency. Thus far, the elimination of ONCCA has had no effect on the grain market and it appears that ONCCA is still issuing ROEs and publishing the data on their public website (as of March 23, 2011).

Within the next few years, new varieties of genetically modified soybeans seeds will be coming into production in Argentina. Current law allows producers to save seeds and for use on their own farms, but prohibits the producers from selling the seeds. This essentially means that producers only have to pay royalties on the initial purchase of seeds. Because the intellectual property laws that provide protection for the farmer and the lack of effective enforcement, in 2004, Monsanto stopped investing in round-up ready (RR) soybeans and has not since introduced or sold any new varieties in Argentina. Today, nearly seven years later, RR soybeans are the only variety currently used throughout the country. Producers and seed companies have produced a draft agreement that will allow producers to use new varieties of seeds and pay royalties to Monsanto. These varieties include RR2Y and RR2YB7, both produced by Monsanto. According to post contacts, production and benefits of the new varieties should be seen around 2014. For more information on biotechnology in Argentina, see GAIN 2010 Annual Biotechnology Report.

Elections will take place in October 2011. It is still too early to speculate what effect, if any, the outcome of the elections will have on farmers' decisions to plant during the 2011/12 marketing year.

#### **Production, Supply and Demand Data Statistics:**

Oilseed, Soybean (Local) Argentina	2009/2010	2010/2011	2011/2012
	Market Year Begin: Apr 2010	Market Year Begin: Apr 2011	Market Year Begin: Apr 2012

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	18,800	18,800	18,600	18,600		19,000
Area Harvested	18,600	18,600	18,600	18,600		19,000
Beginning Stocks	4,298	4,298	4,935	4,850		2,325
Production	54,500	54,500	49,500	49,000		53,000
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	58,798	58,798	54,435	53,850		55,325
MY Exports	13,640	13,725	11,000	11,000		12,000
MY Exp. to EU	150	100	100	100		100
Crush	38,623	38,623	38,875	38,875		40,500
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	1,600	1,600	1,650	1,650		1,650
Total Dom. Cons.	40,223	40,223	40,525	40,525		42,150
Ending Stocks	4,935	4,850	2,910	2,325		1,175
Total Distribution	58,798	58,798	54,435	53,850		55,325
1000 HA, 1000 MT						

Oil, Soybean (Local) Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	38,623	38,623	38,875	38,875		40,500
Extr. Rate, 999.9999	0.19	0.19	0.19	0.19		0.19
Beginning Stocks	157	157	143	93		198
Production	7,350	7,350	7,390	7,390		7,700
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	7,507	7,507	7,533	7,483		7,898
MY Exports	5,237	5,237	5,000	5,000		5,200
MY Exp. to EU	400	400	425	425		450
Industrial Dom. Cons.	1,750	1,800	1,900	1,900		2,200
Food Use Dom. Cons.	377	377	385	385		385
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	2,127	2,177	2,285	2,285		2,585
Ending Stocks	143	93	248	198		113
Total Distribution	7,507	7,507	7,533	7,483		7,898
1000 MT, PERCENT						

Meal, Soybean (Local) Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	38,623	38,623	38,875	38,875		40,500
Extr. Rate, 999.9999	0.78	0.78	0.77	0.78		0.78

<b>Beginning Stocks</b>	1,486	1,486	2,148	2,148		2,326
<b>Production</b>	30,000	30,000	30,000	30,200		31,500
<b>MY Imports</b>	0	0	0	0		0
<b>MY Imp. from U.S.</b>	0	0	0	0		0
<b>MY Imp. from EU</b>	0	0	0	0		0
<b>Total Supply</b>	31,486	31,486	32,148	32,348		33,826
<b>MY Exports</b>	28,640	28,640	29,300	29,300		31,000
<b>MY Exp. to EU</b>	14,750	14,750	14,750	14,750		14,750
<b>Industrial Dom. Cons.</b>	0	0	0	0		0
<b>Food Use Dom. Cons.</b>	0	0	0	0		0
<b>Feed Waste Dom. Cons.</b>	698	698	722	722		750
<b>Total Dom. Cons.</b>	698	698	722	722		750
<b>Ending Stocks</b>	2,148	2,148	2,126	2,326		2,076
<b>Total Distribution</b>	31,486	31,486	32,148	32,348		33,826
1000 MT, PERCENT						

<b>Oilseed, Sunflowerseed Argentina</b>	<b>2009/2010</b>		<b>2010/2011</b>		<b>2011/2012</b>	
	<b>Market Year Begin: Mar 2010</b>		<b>Market Year Begin: Mar 2011</b>		<b>Market Year Begin: Mar 2012</b>	
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Planted</b>	1,500	1,543	1,650	1,650		1,650
<b>Area Harvested</b>	1,488	1,489	1,650	1,650		1,650
<b>Beginning Stocks</b>	812	812	335	255		295
<b>Production</b>	2,300	2,220	2,800	3,200		2,800
<b>MY Imports</b>	40	40	70	70		70
<b>MY Imp. from U.S.</b>	0	0	0	0		0
<b>MY Imp. from EU</b>	0	0	0	0		0
<b>Total Supply</b>	3,152	3,072	3,205	3,525		3,165
<b>MY Exports</b>	67	67	50	50		50
<b>MY Exp. to EU</b>	20	20	20	20		20
<b>Crush</b>	2,700	2,700	2,850	3,150		2,900
<b>Food Use Dom. Cons.</b>	0	0	0	0		0
<b>Feed Waste Dom. Cons.</b>	50	50	30	30		30
<b>Total Dom. Cons.</b>	2,750	2,750	2,880	3,180		2,930
<b>Ending Stocks</b>	335	255	275	295		185
<b>Total Distribution</b>	3,152	3,072	3,205	3,525		3,165
1000 HA, 1000 MT						

<b>Oil, Sunflowerseed Argentina</b>	<b>2009/2010</b>		<b>2010/2011</b>		<b>2011/2012</b>	
	<b>Market Year Begin: Mar 2010</b>		<b>Market Year Begin: Mar 2011</b>		<b>Market Year Begin: Mar 2011</b>	
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Crush</b>	2,700	2,700	2,850	3,150		2,900
<b>Extr. Rate, 999,9999</b>	0.41	0.41	0.41	0.41		0.41



<b>Beginning Stocks</b>	324	324	362	422		230
<b>Production</b>	1,115	1,115	1,180	1,300		1,195
<b>MY Imports</b>	0	0	0	0		0
<b>MY Imp. from U.S.</b>	0	0	0	0		0
<b>MY Imp. from EU</b>	0	0	0	0		0
<b>Total Supply</b>	1,439	1,439	1,542	1,722		1,425
<b>MY Exports</b>	690	625	950	1,100		900
<b>MY Exp. to EU</b>	180	75	270	270		275
<b>Industrial Dom. Cons.</b>	2	2	2	2		2
<b>Food Use Dom. Cons.</b>	370	375	375	375		375
<b>Feed Waste Dom. Cons.</b>	15	15	15	15		15
<b>Total Dom. Cons.</b>	387	392	392	392		392
<b>Ending Stocks</b>	362	422	200	230		133
<b>Total Distribution</b>	1,439	1,439	1,542	1,722		1,425
1000 MT, PERCENT						

Meal, Sunflowerseed Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Crush</b>	2,700	2,700	2,850	3,150		2,900
<b>Extr. Rate, 999.9999</b>	0.44	0.44	0.44	0.44		0.44
<b>Beginning Stocks</b>	215	215	180	180		85
<b>Production</b>	1,185	1,185	1,250	1,375		1,275
<b>MY Imports</b>	0	0	0	0		0
<b>MY Imp. from U.S.</b>	0	0	0	0		0
<b>MY Imp. from EU</b>	0	0	0	0		0
<b>Total Supply</b>	1,400	1,400	1,430	1,555		1,360
<b>MY Exports</b>	600	600	650	850		650
<b>MY Exp. to EU</b>	450	450	500	500		500
<b>Industrial Dom. Cons.</b>	0	0	0	0		0
<b>Food Use Dom. Cons.</b>	0	0	0	0		0
<b>Feed Waste Dom. Cons.</b>	620	620	620	620		620
<b>Total Dom. Cons.</b>	620	620	620	620		620
<b>Ending Stocks</b>	180	180	160	85		90
<b>Total Distribution</b>	1,400	1,400	1,430	1,555		1,360
1000 MT, PERCENT						

Oilseed, Peanut Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Planted</b>	220	220	270	270		260

Area Harvested	220	220	270	270		260
Beginning Stocks	62	62	64	89		100
Production	836	836	850	850		800
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	898	898	914	939		900
MY Exports	645	645	650	650		650
MY Exp. to EU	380	400	400	400		400
Crush	165	140	165	165		165
Food Use Dom. Cons.	9	9	9	9		9
Feed Waste Dom. Cons.	15	15	15	15		15
Total Dom. Cons.	189	164	189	189		189
Ending Stocks	64	89	75	100		61
Total Distribution	898	898	914	939		900
1000 HA, 1000 MT						

Oil, Peanut Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	165	140	165	165		165
Extr. Rate, 999.9999	0.30	.033	0.30	0.32		0.32
Beginning Stocks	12	12	2	0		1
Production	50	46	50	53		53
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	62	58	52	53		54
MY Exports	58	56	49	50		50
MY Exp. to EU	37	25	37	37		37
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	2	2	2	2		2
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	2	2	2	2		2
Ending Stocks	2	0	1	1		2
Total Distribution	62	58	52	53		54
1000 MT, PERCENT						

Meal, Peanut Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	165	140	165	165		165
Extr. Rate, 999.9999	0.45	.54	0.450	0.52		0.53

